

# **Kentucky Riverport Improvement Project Executive Summary**



Prepared for

**Kentucky Transportation Cabinet**  
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# 1.0 Introduction

The Commonwealth of Kentucky lies in the heart of the nation and at the hub of the nation's inland waterways system. With nearly 1,600 miles of navigable waterways, Kentucky is the waterway link between the Great Lakes, Canada, Mexico, and the deep-draft ports of New Orleans, and Mobile.

The Kentucky Transportation Cabinet (KYTC) recognizes the need to incorporate these water highways into a multimodal, integrated freight transportation network. This integrated freight system offers economic benefits to government, tax payers, and industries by reducing the cost of moving goods, reducing cost of maintaining highway infrastructure, and providing cost effective transportation access to regional, national, and global markets. This transport system would also offer environmental and public safety benefits to all.

KYTC contracted with Hanson Professional Services Inc. to assess the current status of assistance to public riverports in Kentucky, evaluate those programs offered by other state governments in support of water transportation, and recommend a course of action for the commonwealth.

This study's recommendations provide a comprehensive and wide-reaching plan of action to enable Kentuckians to compete in regional, national, and global markets and improve their quality of life by better utilization of the commonwealth's water transportation assets, including its riverports.



## 2.0 Public Riverports

Kentucky has eleven public riverports, as shown below, seven of which are operating ports and four that are authorized, but not yet developed.

Individual visits were conducted with representatives from each port to discuss local issues, existing conditions, future direction or vision for the port, and assess strengths-weaknesses-opportunities-threats (SWOT) for each port as well as identify short- and long-term capital needs that are essential for continued success with the current and visionary operations and facilities.



### ● Operating Ports

1. Hickman-Fulton County Riverport Authority
2. Paducah-McCracken County Riverport Authority
3. Henderson County Riverport
4. Owensboro Riverport Authority
5. Louisville-Jefferson County Riverport Authority
6. Greenup-Boyd County Riverport Authority
7. Eddyville Riverport & Industrial Development Authority

### ● Developing Ports

8. Wickliffe-Ballard County Port Authority
9. Marshall County-Calvert City Riverport Authority
10. Meade County Riverport
11. Maysville-Mason County Port Authority

The visits indicated a great diversity in existing conditions. Some ports are mature facilities while others are in their infancy. In general, each operating port provides benefits to a broad multi-county area and, collectively, to the entire commonwealth. All the ports expressed a common concern, if not disenchantment, for what they believe is inadequate representation of public ports within state government. Their collective vision is for the state to support these riverports and water transportation in order to cultivate growth, diversify transportation, and economically stimulate their surrounding communities.

To facilitate this growth and enhance the ports' abilities to maintain economic competitiveness, an estimated \$96 million in major rehabilitation and infrastructure improvements are needed among the eleven public riverports in Kentucky. Aging and inefficient facilities and equipment, lack of storage facilities, and an inability to purchase available acreage for expansion efforts are just a few of the capital needs identified in the port visits. Without significant new investment in these ports, they will be hindered in their ability to remain competitive, let alone sustain continued growth.

For details on each port's existing conditions and SWOT analysis, see Section 2.2 in the full report.

### 3.0 Support for Riverports Provided by Other States

A major objective of this study is to investigate the roles and responsibilities of other states fortunate to be served by water transportation. The programs of nineteen states with access to navigable waterways were examined to provide a thorough and comparative analysis of possible roles for Kentucky. The study revealed a great variation among the states in their involvement and jurisdiction over this transportation mode. However, their function can be summarized into the following five categories:

1. **Governance** – General organization structure for port and waterways responsibilities within state government.
2. **State Ownership and Control** – Enabling authorities and empowerments enacted by a state to own and/or operate public ports.
3. **Financial Assistance** – Programs established by state statute that are specifically formulated to help public ports and promote water transportation to better serve the state's commerce and industry.
4. **Technical Assistance** – State-funded programs that provide advice to the ports and waterways industry as well as to conduct studies and research to address water transportation needs and opportunities.
5. **Marketing Assistance** – Programs specifically designed to help the individual ports increase their market share.

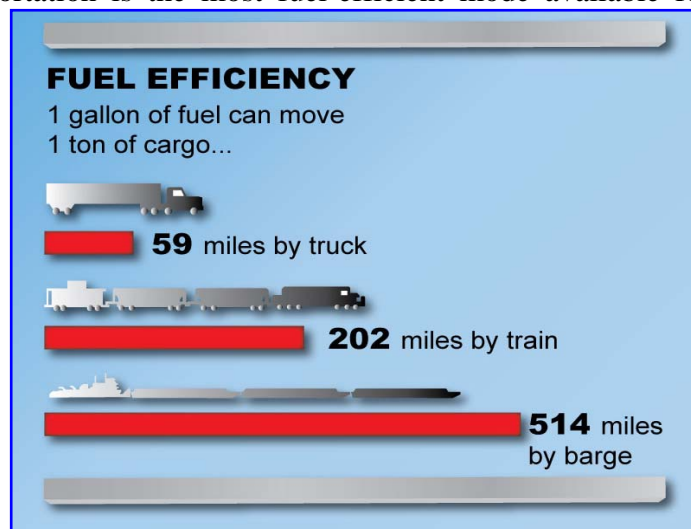
Of the nineteen states investigated, Louisiana, Minnesota, Mississippi, Oregon, and Wisconsin are all states that have long recognized the importance of their ports and waterways to the economic well-being of their people. All have implemented successful programs to ensure their ports and waterways industry remains competitive and can sustain increased commerce and trade in the future. Further details on these states programs and those of the seven states contiguous to Kentucky can be found in Sections 3.2 and 3.3 of the full report.

There is a national trend for state DOTs to become more interested in freight transportation and congestion and to consider multimodal solutions. Ports and waterways are an important part of these states' intermodal and multi-modal freight planning, investment strategies, and other associated transportation programs. Though their approaches and methodology are vastly different, what these states have in common is the recognition that port and waterway development will benefit their economies through attraction of new industries, higher paying jobs, and expansion of the tax base resulting from these new industries, all leading to a stronger economy.

## 4.0 Recommendations

It is well-documented that barge transportation is the most fuel-efficient mode available for shippers. It relieves the ever-present threat of increasing roadway congestion and stimulates the regional economies through attraction of new industries, jobs, and enhancement of the tax base.

To increase the success of the commonwealth's inland riverports, public awareness needs to be raised and policymakers educated on the importance of the local public riverports and their influence on area economy. With the limited resources that ports typically have, it is recommended that the commonwealth implement the following recommendations to enable its ports to be more competitive. Specific recommendations are summarized below. More details are provided in the full report.



### 4.1 Governance and Organizational Structure

**4.1.1 Water Transportation Staff** - KYTC should authorize a full-time position within its Division of Planning to work exclusively on behalf of ports and other water transportation needs. This would require an individual with expertise in the waterway industry to serve as a state liaison for the public ports and be responsible for complex activities related to ports and waterways.

*Recommended time frame:* Immediate

**4.1.2 Water Transportation Advisory Board** - Several states have established institutional arrangements that enable water transportation interests to advise and make recommendations to transportation officials and other governmental policymakers concerning matters affecting this mode. Such arrangements are especially important where expertise and

knowledge about this mode are limited within state government. It is therefore recommended that the KYTC support similar legislation to approve such an advisory board for its needs. The advisory board would be comprised of five members elected by the Kentucky Association of Riverports (KAR) to represent the ports, three members from the private sector associated with the waterways industry, one member from the public who has technical expertise in the maritime industry, a representative of Kentuckians for Better Transportation, and the Secretary of the Kentucky Economic Development Cabinet or designee.

***Recommended time frame:*** Immediate. Legislation needs to be drafted and approved by the Administration in time for consideration by the next General Assembly.

**4.1.3 Division of Surface Freight** - Those states that are served by water transportation and an effective rail system are much better positioned than others to address highway congestion or bottlenecks that are hindering the movement of both people and freight. Kentucky's nearly 1,600 miles of navigable waterways include two of the busiest commercial transportation arteries in the nation, the Mississippi and Ohio Rivers. By better capitalizing on all modes, including their relative transport capacities, Kentucky can help decrease economic and societal costs to its shippers, consumers, and motorists, and lessen the environmental degradation that may be caused by expected increases in freight flows. To that end, it is recommended that a Division of Surface Freight be established within the KYTC. This new freight division would include those programs associated with rail and trucking in addition to water transportation to more fully integrate freight matters into the commonwealth's transportation planning activities, including those for highways. By incorporating multimodal freight considerations into the development, prioritization, and implementation of the commonwealth's transportation projects, non-highway modes, including water, would be more effective and valuable toward solving the commonwealth's transportation needs for the future.

Of particular importance to this recommendation is that this freight planning group incorporate all the modal programs involved in freight movement, similar to what the State of Minnesota and other state DOT's have already implemented. It is recommended that this group report directly to the Cabinet Secretary, but there are other lesser desired alternatives to this group's hierarchy in KYTC's organization chart that are outlined in Section 4.1.3 of the full report.

***Recommended time frame:*** Near-term

## **4.2 Financial Assistance Program**

The commonwealth's public riverports, including the four emerging ports, must continue to make improvements to sustain competitiveness with nearby states. Kentucky must play a more aggressive role in supporting its ports and waterways industry if it is to capture the full economic and trade potential offered by water transportation. Therefore, it is recommended the Administration support and the General Assembly enact a grant program to assist the commonwealth's public riverports with those capital investments needed for port improvements that cannot be readily financed locally. The KYTC should administer the program, preferably by its proposed new Division of Surface Freight.

**4.2.1 Program Funding** - With approximately \$96 million in major rehabilitation and infrastructure improvements currently identified by the public ports to sustain continued growth, it is recommended for the commonwealth to provide as much as \$4 million of assistance annually to these public port authorities through the proposed grant program. Possible revenue sources include the commonwealth's severance taxes on coal and other minerals, and property-related taxes on the barge industry.

The grant program would require a 20 percent local match, which could include in-kind costs. Those applications that included a larger share of local financing would be given higher priority for funding. The ports would also be encouraged to use the grant funds to help leverage additional funds, such as other state and federal grants and loans that would help lead to more capital-intensive projects. It is recommended that the proposed Water Transportation Advisory Board establish guidelines for setting funding priorities for the grant program and provide that information to prospective applicants.

**4.2.2 Program Eligibility** - The proposed grant program would fund public port requests for capital improvements, both on-site and with land-side access including major repairs and rehabilitation of existing facilities, and dredging.

**Recommended time frame:** Immediate. Legislation to enact a grant program should be drafted and approved by the Administration and submitted to the General Assembly when it convenes in 2008.

## **4.3 Marketing Program**

A commonwealth-wide marketing grant program is recommended for Kentucky. The proposed program would provide grants to public riverports and to other non-profit economic development organizations, including industrial development authorities and chambers of commerce, to help promote and market the commonwealth to industrial, business, commerce, and trade prospects.

It is recommended that the fund be administered by the Economic Development Cabinet and funded at a level of about \$400,000 annually from the General Fund. The program would provide a fifty percent matching grant for a wide range of marketing activities. Eligible projects include: preparation of brochures; participation in trade shows; advertising in trade publications, billboards, and other media outlets; website preparation; marketing research; and media kits and other promotional materials. The intent of the program is to attract new economic development activities for the commonwealth, including new commerce and trade. The local marketing projects that receive a commonwealth grant should be designed with the objective of reaching these audiences or prospective businesses.

**Recommended time frame:** Immediate - Incorporate this program into the Economic Development Cabinet's next budget formulation cycle.

**4.3.1 Other Marketing Activities - Websites** - The Internet is one of the most effective and affordable marketing tools. The website for the KYTC provides useful information about



ports and waterways. However, accessing this information would be much easier if the menu of programs and topics on the KYTC homepage included some reference to water transportation or, at a minimum, a reference to multimodal or freight programs.

The Economic Development Cabinet's website includes a very descriptive account of the transportation services available in the commonwealth, including ports and waterways. It is recommended that this website and the KYTC's page are hyperlinked to the websites for each of the ports.

It is also recommended that all eleven port authorities, including the four emerging ports, develop websites and periodically revise and update the sites as warranted, and that the commonwealth provide web building tools and technical assistance as appropriate.

***Recommended time frame:*** As soon as practicable

**4.3.2 Other Activities** - There are other affordable marketing projects the ports can undertake that will promote their services and improve public relations. The port members of Kentucky Association of Riverports (KAR) should explore opportunities for cooperative marketing and promotional projects, such as joint advertising in trade publications and participation as a group in trade shows or trade missions. KAR should also host meetings at least annually in Frankfort with agency heads, legislative members, and other officials to discuss matters of importance to the waterways industry. Similar meetings should be held each year with the commonwealth's congressional delegation, either in Washington or in Kentucky. These meetings are important in light of the increased interest by Congress in freight transportation and how these federal policies may impact water transportation, including Kentucky's ports and waterways.

It is also very important that the ports continually strive to improve public relations and promote the importance of a port and its activities to the local and regional economies. There are some promotional projects that a port director can undertake even on a limited budget that are very effective for accomplishing that goal. These include familiarization tours and similar events at the port for the general public, prospective businesses, and elected officials, and a concerted effort to expand coverage of port activities by the local media.

***Recommended time frame:*** As soon as practicable

## **4.4 Other Recommendations**

**4.4.1 Comprehensive Studies** - A detailed, comprehensive study of the economic impacts of water transportation is needed to more thoroughly understand and emphasize the importance of the commonwealth's ports and waterways industry to its economy and quality of life. This study should include both public and private ports and the waterways industry. It should be formulated in a manner that would provide sufficient details on the economic impacts of the individual public ports.

In addition, a more current assessment of the capital needs of each of the eleven Kentucky public ports is needed to effectively demonstrate the need for commonwealth financial assistance. This assessment should include strategic capital investment plans for those port improvements needed to meet current customer demands or to respond to anticipated growth in commerce or requirements for new services. Opinions of cost for those improvements should be developed and refined.

***Recommended time frame:*** Immediate

It is also recommended that KAR and other water transportation interests convene an ad hoc group to explore the various sources of state revenues that may provide a dedicated or more permanent source of funding for the proposed new water transportation programs, including the public port grants. Proposed legislation to enact the committee's recommendations on the most viable source of funding should be submitted to the General Assembly for its consideration. This research study should be initiated as soon as funds can be secured to ensure this information is available to the Administration and the General Assembly as part of its deliberations on funding the grant program and to help justify appropriations for KYTC's water transportation program.

***Recommended time frame:*** Near-term. Should be completed within one year of Grant Program authorization for consideration in the 2008 legislative session.

**4.4.2 Survey of Ports** - Strengths, Weaknesses, Opportunities, and Threats (SWOT) analyses were conducted for each of the public riverports, including three of the four developing ports. For these public facilities to grow and compete for new business opportunities, each port must capitalize on its strengths and opportunities while addressing its weaknesses and threats. The appropriate governing body (county riverport authority, etc.) should formulate a strategic plan (three to five years) that addresses those items identified in the SWOT analyses for its port. The KAR should identify any issues that may be common to several ports and develop proposals to address these collective SWOT items. Strategic planning that focuses on each port's SWOT analyses should be initiated as soon as practicable and plans implemented to address these needs and opportunities within five years upon completion of the plan if possible.

***Recommended time frame:*** Within 5 years

## **5.0 Conclusion**

According to the US Census Bureau, Kentucky's population grew nearly 10% from 1990-2000. This trend is expected to continue. With the growing population and subsequent economic growth, heavy demands have been and will continue to be placed on the commonwealth's transportation system. Intensifying roadway congestion and increasing transportation-related pollution are by-products of a growing economy. Transportation planning with emphasis on freight mobility will be critical to addressing these issues.

USDOT estimates that freight shipments moving to, from, and within the commonwealth will increase by 57% from 1998 to 2020. Of that increase, 72% is forecasted to be moved by truck,

primarily on the Interstate Highway System through urban areas. Can the commonwealth's current highway system handle this growth? Can the planned expansion of the current highway system be able to accommodate this traffic? It will become increasingly more difficult to contend with the projected increase in highway traffic without adversely affecting motorists and freight movement. The inland waterway system serving Kentucky has much unused transport capacity, is already in place, and provides a transportation infrastructure that not only guarantees fuel efficient and environmentally advantageous transport of goods, but stimulates the economy.

By instituting the recommendations contained in this report, the Commonwealth of Kentucky can be a national leader in promoting waterborne commerce and facilitating a more efficient transportation system that enables economic growth and development.